ORIGINAL

STATE OF CALIFORNIA – THE RESOURCES AGENCY GRAY DAVIS, GOVERNOR

CALIFORNIA COASTAL COMMISSION
45 FREMONT, SUITE 2000
SAN FRANCISCO, CA 94105-2219
VOICE AND TDD (415) 904-5200
FAX (415) 904-5400

October 24, 2003

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, DC 20426

Robert Kanter
Port of Long Beach
Planning Division
925 Harbor Plaza
Long Beach, California 90807

RE: **FERC Docket No. PF03-6-000/POLB Application No. HDP 03-079**
Sound Energy Solutions' Long Beach LNG Import Project

Dear Ms. Salas and Mr. Kanter:

Thank you for the opportunity to offer comments on the Notice of Intent to Prepare a Joint Environmental Impact Statement and Notice of Preparation of Joint Environmental Impact Report ("EIR/EIS") for Sound Energy Solutions' proposed Port of Long Beach ("POLB") LNG Import Project. The staff of the Coastal Commission is actively participating in the State of California's multi-agency LNG Working Group organized by the California Energy Commission to share information and technical expertise on LNG, identify issues of concern early in the environmental review process, and coordinate review of California LNG facility proposals.

Sound Energy Solutions' proposed project includes (1) a ship berth and unloading facilities at Pier T capable of receiving LNG tankers ranging in capacity from 95,000 – 145,000 cubic meters; (2) two 160,000 cubic meter LNG storage tanks; (3) an onshore re-gasification facility; and (4) up to 4.4 miles of onshore pipeline to connect to the existing Southern California Gas Company pipeline system. To allow for the construction and operation of an LNG import terminal, the POLB must prepare and adopt an amendment to its port master plan, and the Coastal Commission must certify the amendment[1]. If the Coastal Commission certifies the PMP amendment, the POLB could approve a coastal development permit for the facility. Pursuant to Coastal Act section 30715(a)(1), a POLB-approved permit for an energy facility (*e.g.*, an LNG import terminal) may be appealed to the Coastal Commission.

[1] To certify a PMP amendment, the Coastal Commission must find the amendment consistent with the Chapter 3 and Chapter 8 policies of the Coastal Act.

The Coastal Commission is a "responsible" agency under the California Environmental Quality Act and will rely in part on the subject joint EIR/EIS during its evaluation of the forthcoming POLB port master plan amendment. Accordingly, we request that the joint EIR/EIS provide the following information and environmental impact analyses so that the Coastal Commission has adequate information to evaluate the port master plan amendment's consistency with the Coastal Act's Chapter 3 and Chapter 8 policies.

LNG Spills/Safety Hazards

Coastal Act section 30232 requires an applicant to protect against the spillage of crude oil, gas, petroleum products, and other hazardous substances and to provide effective containment and cleanup facilities and procedures for accidental spills that do occur.

1. Identify the international, federal, state, and local agencies (*e.g.* International Maritime Organization, U.S. Coast Guard, Federal Energy Regulatory Commission, Office of Pipeline Safety, State Lands Commission, Public Utilities Commission, California State Fire Marshal, State Water Resources Board, local fire and police departments, etc.) that govern the design and operation of the proposed LNG import terminal and the LNG tankers offloading at the terminal. Please identify each agency's regulations to prevent and protect against hazardous spills/releases.

2. Identify the Maritime Security Measures that will be in place to prevent sabotage of LNG tankers and cargo (*e.g.* inspection of security and tanker loading at port of origin; advance 96-hour notice of arrival of LNG tanker; advance notification of local police, fire, and emergency agencies; boarding of LNG tanker for inspection before entering port; tug escort requirements, etc.).

3. Assess the hazards and risk for: (1) an LNG spill/release resulting from a collision of LNG tanker entering the harbor with other ship traffic transiting offshore and/or with structures within the harbor area; (2) terrorist sabotage activities to marine terminal and/or LNG tanker (*e.g.* 747 hitting terminal, terrorist hijacking of tanker, terrorist bombing of tanker); (3) an LNG spill/release from pipelines and storage tanks at or originating from the terminal facility (*e.g.* explosion of pipeline, accident during transfer operations; release from storage tank). Information should include the following:

   - Assessment of navigation hazards offshore LA/LB harbor, identification of ship offloading hazards at terminal, and identification of measures to prevent or reduce the impacts of an LNG spill/release (*e.g.* use of double hulled tankers with separated sealed tanks; traffic lanes, hazard points during ship offloading at the marine terminal, shut off valves, operational procedures, etc.). Mitigation measures should reference applicable international, federal, state, and local regulations, as well as company initiatives.

   - Assessment of hazards that could result in an LNG release from: (1) the marine terminal tanker offloading transfer points; (2) pipelines; and/or (3) storage tanks. Identify physical and human measures to prevent an LNG release (*e.g.* manpower

training programs, operation procedures, pressure valves, pipeline design criteria, computerized shutdown s systems, etc.). Mitigation measures should reference applicable international, federal, state, and local regulations, as well as company initiatives.

- Assessment of a most probable and worst case scenario for LNG spill/release, fire, explosion (for on-water or land based spill/releases, as applicable) from: (1) an LNG tanker; (2) an LNG tanker and the marine terminal tanker off-loading transfer points; (3) pipelines; and/or (4) storage tanks. This assessment should include worst-case scenarios for the tanker and marine terminal facilities that could result from terrorist sabotage activities, human error, equipment/systems breakdowns. These scenarios should discuss the hazardous footprint area and the natural, cultural, and human resources potentially affected. The scenarios and impact analyses should include: (1) an on-water "rapid phase transition/flameless explosions"; (2) instantaneous LNG "pool fire"; (3) explosion/fire from LNG "flammable vapor clouds"; (4) potential danger of asphyxiation from LNG vapor clouds; (5) freezing impacts to humans, natural resources, and equipment in immediate vicinity of LNG release, etc. Calculate these scenarios in accordance with any applicable federal, state, and/or local government regulations.

Geologic/Erosion/Tsunami Hazards

Coastal Act section 30253 requires new development to (1) minimize risks to life and property in areas of high geologic, flood, and fire hazard and (2) assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs or cliffs.

4. Provide historic information on wave conditions and flooding, including frequency of various wave and flooding conditions and extreme conditions that have been recorded or identified anecdotally. If site-specific information is not available, then extrapolate from information known from the general project area.

5. Identify safe building elevations based on wave conditions, historic shoreline trends and the Intergovernmental Panel on Climate Change ("IPCC") projections for changes in eustatic sea level, combined with local changes in higher high water or mean sea level.

6. Provide historic and prehistoric records of tsunamis within the general region of the proposed project and evaluate the site relative to recent State Office of Emergency Service and NOAA maps of tsunami risk zones.

7. Based on the evaluation of items 4-6 above, identify feasible measures to avoid, reduce, or eliminate potential adverse impacts (*e.g.*, develop a Tsunami Response Plan that would include an employee education program, posting of evacuation routes, etc.).

8. Prepare sufficient information to satisfy California Geological Survey Note 48 "Checklist for the Review of Geologic/Seismic Reports for California Public Schools, Hospitals, and Essential Services Building." This checklist provides detailed guidance on preparing materials for review of Essential Services Buildings. The Coastal Commission will evaluate the proposed LNG facility as a critical structure(s) equivalent to an "essential services building." In particular:

   a) Evaluate liquefaction hazards and develop mitigation measures, (per "Recommended Procedures for Implementation of DMG Special Publication 117, Guidelines for Analyzing and Mitigating Liquefaction in California; published by the Southern California Earthquake Center and the University of Southern California)

   b) Evaluate fault rupture hazards by conducting a fault and earthquake study (per guidelines of the California State Board for Geologists & Geophysicists) and develop appropriate structural setbacks from any active fault traces identified.

   c) Develop seismic design criteria for the Upper Bound Earthquake (UBE), defined by the California Building Code as "the motion having a 10 percent probability of being exceeded in a 100-year period or maximum level of motion which may ever be expected at the site within the known geological framework."

   Coastal Commission staff can provide you with copies of the referenced documents in electronic (pdf) form.

Marine Resources/Water Quality

Coastal Act section 30230 requires in part that uses of the marine environment be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

Coastal Act section 30231 requires that "The biological productivity and quality of coastal waters... appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means ... controlling runoff, preventing depletion of groundwater supplies and substantial interference with surface water flow."

Coastal Act section 30705(c) requires that dredging be planned, scheduled, and carried out to minimize disruption to fish and bird breeding and migrations, marine habitats, and water circulation. Bottom sediments or sediment elutriate shall be analyzed for toxicants prior to dredging or mining, and where water quality standards are met, dredge spoils may be deposited ... in confined coastal waters designated as fill sites by the master plan where such spoil can be isolated and contained, or in fill basins on upland sites. Dredge material shall not be transported from coastal waters and into estuarine or fresh water areas for disposal.

Coastal Act section 30706, which governs the placement of fill seaward of the mean high tide line within the jurisdiction of the port, requires in part that (a) the water area to be filled shall be the minimum necessary to achieve the purpose of the fill, and (b) the nature, location, and extent of any fill shall minimize harmful effects to coastal resources and minimize reductions of the volume, surface areas, or circulation of water.

9. The applicant proposes to dredge within the POLB 75,000-125,000 cubic yards of material. Supply grain size and standard chemistry analysis for contaminants. Evaluate if the dredging component of the project will be consistent with Coastal Act section 30705(c) and the POLB's port master plan. Will the dredging activity cause any adverse marine resource and/or water quality impacts due to turbidity, re-suspension of contaminated materials, etc.? Identify feasible measures to avoid, reduce, or eliminate any identified adverse impacts. If the dredged material is sandy, is it suitable and appropriate for beach nourishment?

10. In addition to dredging, identify potential adverse impacts to marine water quality and marine resources caused by terminal construction and ongoing terminal operations. This analysis is to include the environmental impacts of any fill of coastal waters necessary for the construction of the terminal at Pier T and consistency with the requirements of Coastal Act section 30706. Identify feasible measures (*e.g.*, Best Management Practices) to avoid, reduce, or eliminate adverse water quality and marine resource impacts.

11. Is there contaminated soil that needs to be removed? If so, analyze the impacts of contaminated soil removal, and identify feasible measures to avoid, reduce, or eliminate any potential site runoff, etc.

Terrestrial Biology/Environmentally Sensitive Habitat Areas ("ESHA")

Coastal Act section 30240 requires that (a) ESHA be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas, and (b) development in areas adjacent to ESHA and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

12. For the onshore project area, survey for the presence of habitat and any listed species or species of special concern. Identify any project-related effects on plant and animal species and any feasible measures (*e.g.*, project relocation) to avoid, reduce, or eliminate identified adverse impacts.

Visual

Coastal Act section 30251 requires in part that the scenic and visual qualities of coastal areas be protected as a resource of public importance. Permitted development is to be sited and designed to protect views to and along the ocean and scenic coastal areas.

13. Evaluate the visual impacts of the proposed project from public viewing places, and identify any feasible measures to avoid, reduce, or eliminate any adverse visual impacts.

Commercial Fishing

Coastal Act section 30234.5 requires that the economic, commercial, and recreational importance of fishing activities be recognized and protected.

14. It is our understanding that the US Coast Guard requires a Safety Zone within 500 meters of an LNG terminal or anchorage area. The US Coast Guard further requires a Precautionary Area within 1.2 nautical miles of a terminal. Therefore, the EIR/EIS should (a) define the US Coast Guard's vessel exclusion zone requirements and how they will apply to the proposed project, (b) analyze the impacts of the exclusion zones on commercial fishing, and (c) identify any feasible measures to avoid, reduce, or eliminate any adverse impacts to commercial fishing.

Public Access and Recreation

Coastal Act section 30220 requires coastal areas suited for water-oriented recreational activities that cannot readily be provided at inland water areas to be protected for such uses.

15. Similar to #14 above, analyze the impacts of the US Coast Guard's vessel exclusion zones on recreational users (*e.g.*, recreational fishing, boating) at the POLB area. In addition, evaluate if other project elements will interfere with water-oriented recreational users at or near the POLB area. Identify any feasible measures to avoid, reduce, or eliminate any adverse impacts to coastal recreational users.

Air Quality

Coastal Act section 30253(3) requires that new development be consistent with the requirements imposed by the air pollution control district or the State Air Resources Board.

16. Evaluate the air emissions associated with proposed LNG vessel traffic at the port and the construction and ongoing operation of the import terminal and re-gasification facility. Identify any feasible measures to avoid, reduce, or eliminate project-related air emission.

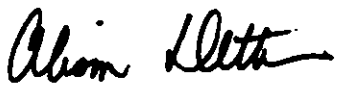
Project Alternatives

17. An evaluation of project alternatives will be a key element of the Coastal Commission's review and consideration of this project. We therefore encourage you to examine in the joint EIR/EIS a broad range of project alternatives. For example, please consider: (a) alternative *onshore* locations for an LNG terminal; (b) *offshore* terminal locations

(including those proposed for Baja California); (c) alternative terminal designs and technologies (*e.g.*, offshore platform conversion, a floating offshore vessel, use of open-rack vaporizers as compared to "submerged combustion vaporization", etc.); (d) bringing additional supplies of natural gas to California via onshore pipelines; and (e) alternative sources of energy.

Thank you for the consideration of these comments. If you have any questions about these comments, please call me at 415/904-5205. We look forward to working with you closely on this project.

Sincerely,



ALISON J. DETTMER
Manager
Energy and Ocean Resources Unit